The following summary of the New York/New Jersey region’s housing market conditions and activities has been prepared by economists in the U.S. Department of Housing and Urban Development’s (HUD’s) field offices. The report provides overviews of economic and housing market trends within the New York/New Jersey region. The report is based on information obtained by HUD economists from state and local governments, from housing industry sources, and from their ongoing investigations of housing market conditions carried out in support of HUD’s programs.

In the third quarter of 2010, nonfarm payroll jobs in the New York/New Jersey region continued the decline that began in early 2009. Nonfarm payrolls averaged approximately 12.4 million jobs during the 12-month period ending September 2010, down 189,500 jobs, or 1.5 percent, compared with the loss of 325,100 jobs, or a decline of 2.5 percent, which occurred during the same 12-month period in the previous year. During the 12 months ending September 2010, payroll losses were the largest in the manufacturing and construction sectors, down 45,900 and 41,200 jobs, or 6.0 and 8.6 percent, respectively. Job gains were concentrated in the education and health services and the leisure and hospitality sectors, which added 33,700 and 11,800 jobs, which are increases of 1.5 and 1.1 percent, respectively.

The unemployment rate in the New York/New Jersey region during the 12 months ending September 2010 was 8.9 percent, up 1 percent from the rate recorded during the previous 12-month period. The average unemployment rate increased from 8.3 to 9.7 percent in New Jersey and from 7.7 to 8.5 percent in New York during the 12 months ending September 2010. In New York City, the unemployment rate increased from 8.5 to 9.9 percent.

Both states in the region lost jobs during the 12 months ending September 2010. New Jersey reported a 1.8-percent decline in nonfarm payrolls to nearly 3.9 million jobs; this 70,000-job decline was less than one-half the loss that occurred during the 12 months ending September 2009. In New Jersey, during the 12 months ending September 2010, the construction and manufacturing sectors declined by 17,500 and 16,200 jobs, or 12.1 and 5.9 percent, respectively. The education and health services and the leisure and hospitality sectors increased by 7,200 and 2,400 jobs, or 1.2 and 0.7 percent, respectively. In New York State, 119,400 jobs were lost during the 12 months ending September 2010, a 1.4-percent decline to 8.5 million jobs. In comparison, during the 12 months ending September 2009, a 2-percent decline of 177,200 jobs was recorded. During the 12 months ending September 2010, the largest payroll declines in New York occurred in the manufacturing, trade,
and government sectors, with losses of 29,800, 26,600, and 23,300 jobs, or decreases of 6.1, 2.2, and 1.5 percent, respectively. The education and health services sector increased by 26,500 jobs, or 1.6 percent, and the leisure and hospitality sector increased by 1.3 percent each, adding 9,300 and 4,700 jobs, respectively.

The New York City economy continued to lose jobs during the third quarter of 2010, a trend that began in mid-2009. During the 12-month period ending September 2010, nonfarm payrolls declined by 55,000 jobs, or 1.5 percent, to nearly 3.7 million jobs, compared with a loss of 70,400 jobs, or a decline of 1.9 percent, during the 12 months ending September 2009. The government sector lost 17,500 jobs, which is a 3.1-percent decrease, and the professional and business services sector declined by 16,000 jobs, or 2.7 percent. Job losses were partially offset by increases in the education and health services sector of 15,400 jobs, or 2.1 percent, and in the leisure and hospitality sector of 5,300 jobs, or 1.7 percent. New York City accounted for 60 percent of the payroll increase in the leisure and hospitality sector in the state of New York and the city accounted for 45 percent of the increase in the leisure and hospitality sector in the region.

Conditions in most sales housing markets in the New York/New Jersey region are improving but remain slightly soft because of weak economic conditions. According to the NATIONAL ASSOCIATION OF REALTORS® (NAR) home sales in the region during the second quarter of 2010 (the latest information available) increased by 80,000 homes, or 22 percent, from a year earlier to a seasonally adjusted annual rate of 434,900 homes sold. Lender Processing Services Mortgage Performance Data indicates that, in the region, the number of home loans 90 days or more delinquent, in foreclosure, or in REO (Real Estate Owned) during September 2010 increased to nearly 14,200, 10 percent more than were recorded during September 2009. This level represents a rate of 6.4 percent of all home loans recorded in the region as of September 2010, higher than the 5.8-percent rate recorded a year earlier but lower than the 8.4-percent rate for the nation as of September 2010.

According to data from the New York State Association of REALTORS®, the number of existing single-family home sales in the state (excluding parts of New York City) during the 12 months ending September 2010 increased 9 percent, to 79,600 homes, compared with the number sold during the same period a year earlier. The level of sales during the 12 months ending September 2010 is 5 percent less than the average number of sales from 2007 to 2009. The median price of an existing home increased 15 percent from $199,900 in September 2009 to $230,000 in September 2010. In the Rochester metropolitan area, the Greater Rochester Association of REALTORS® reported an 8-percent increase in home sales to 11,050 homes sold during the 12 months ending September 2010, and the median sales price increased 1 percent to $122,500. For the 12 months ending September 2010, the Greater Capital Association of REALTORS®, Inc., reported that existing home sales in the Albany-Schenectady-Troy metropolitan area increased by 400 homes, or 5 percent, to 8,050 homes sold, and the median sales price rose from $185,000 to nearly $201,300, a 9-percent increase. During the 12 months ending September 2010, the Buffalo Niagara Association of REALTORS® reported that sales of single-family homes declined 7 percent to 9,050 homes and the median sales price increased nearly 8 percent to $121,000.

The New York City home sales market remains slightly soft, although sales prices stabilized during the past 12 months. Prudential Douglas Elliman Real Estate reported that, during the 12 months ending September 2010, existing condominium and cooperative home sales in Manhattan, Brooklyn, and Queens increased 41 percent to 32,500 homes compared with the number sold during the 12 months ending September 2009. During the 12-month period ending September 2010, the average sales price rose by 11 percent, from $740,200 to $822,100. During the same period, the average number of days a home remained on the market declined by 29 days to 111 days. Queens accounted for 44 percent of the home sales, and the median sales price decreased 2 percent to $355,000. In Brooklyn, which accounted for nearly one-fourth of the home sales, the median sales price increased 2 percent, from $476,000 to $485,500, for the 12-month period ending September 2010. Home sales in Manhattan during the same period totaled nearly 10,300 homes, a 42-percent increase compared with the 7,250 homes sold during the 12 months ending September 2009, which is the lowest number of annual sales recorded during the past 5 years. The sales level during the 12-month period ending September 2010 is 6 percent higher than the average of 9,675 homes sold annually during the 4 years ending September 2009.

In New Jersey, home sales markets are slightly soft. Home sales have recently increased, a trend that began in December 2009, but home prices remain relatively flat in most areas. According to data from the New Jersey Association of REALTORS®, the number of existing homes sold during the 12 months ending June 2010 [the latest information available] increased by 23,850 homes, or 23 percent, to 127,800 homes sold, posting the largest 12-month increase since the latter part of 2004. The median sales price in New Jersey remained nearly unchanged at $306,600 during the 12 months ending June 2010. All three regions of the state reported increased home sales and slightly higher home prices. For the 12 months ending June 2010, Southern New Jersey home sales rose 17 percent to 32,700 homes, and the median price increased nearly 4 percent to $208,900. In Northern New Jersey, existing single-family home sales were up 24 percent to 61,500 homes, and the median price increased 1 percent to $374,400. Existing single-family homes sales in Central New Jersey increased 26 percent to 33,600, and the median price increased 1 percent to $314,300.
During the 12 months ending September 2010, increased home sales in the New York/New Jersey region contributed to an increase in single-family homebuilding activity, and multifamily construction began to show signs of improvement compared with the activity during the same period a year earlier. During the 12 months ending September 2010, based on preliminary data, the number of single-family homes permitted increased 10 percent to 14,000 homes compared with a 32-percent decline recorded during the same period a year earlier. Single-family home construction rose in both states, by 670 homes, or 10 percent, in New Jersey and by 540 homes, or 9 percent, in New York. In the region, multifamily building activity, as measured by the number of units permitted, increased by 1 percent to 13,400 units compared with a 76-percent decrease during the 12 months ending September 2009. In New York, the number of multifamily units permitted decreased by 600 units, or 7 percent, to 6,350 units from a year earlier. In New Jersey, the number of multifamily units permitted increased by 730, or 14 percent, to 5,825 units, which is an improvement compared with the 60-percent decline that occurred during the 12 months ending September 2009.

Rental markets in the New York/New Jersey region were balanced, with moderate increases in vacancies in several markets. Although the New York City rental market remains tight, demand has eased and vacancies have increased due to declines in jobs. According to Reis, Inc., in the third quarter of 2010, the apartment vacancy rate in New York City increased from 2.9 to 3.6 percent; despite the increase in vacancy, the average asking rent increased by nearly 3 percent to $2,850. In Long Island, the vacancy rate increased slightly from 3.8 to 3.9 percent; rents increased nearly 2 percent to $1,550. The Westchester market tightened as the vacancy rate declined from 4.8 to 4.5 percent, but rents remained relatively unchanged at nearly $1,850.

For the third quarter of 2010, most Upstate New York and New Jersey rental markets were balanced, but conditions have continued to soften. The vacancy rate in the Rochester metropolitan area increased from 4.4 to 4.6 percent, and the average rent increased 2 percent to $770. The vacancy rate increased in the Syracuse metropolitan area from 3.8 to 4.6 percent; the average rent increased 1 percent to $690. Although most markets softened slightly, the market in the Buffalo metropolitan area market tightened, as the vacancy rate decreased from 5.6 to 5 percent, and the average rent increased 1 percent to $730. For the third quarter of 2010, in Central New Jersey, the vacancy rate rose from 3.8 to 4.1 percent, and the average rent increased by less than 1 percent to more than $1,150. In Northern New Jersey, the vacancy rate decreased slightly from 5 to 4.9 percent, and the average rent remained nearly unchanged at $1,500.